



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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Instruction Memorandum No. CA-2002-011

Expires: 09/30/03

To: Field Manager, Bakersfield

From: State Director

Subject: California Idle Well Policy

Washington Office Information Bulletin No.1998-128, and Instruction Memorandum No. 2001-147 directed that BLM records should accurately reflect the true status of each shut-in (**SI**) and temporarily abandoned (**TA**) well. During FY 2001, the Bakersfield Field Office (**BFO**) identified 974 wells which had been continuously classified as SI for more than 5 years (beginning January 1, 1996). In addition, approximately 462 wells had been classified as TA without current BLM approval.

BLM records reveal that many federal operators have neither applied for, nor been granted approval to place their wells in non-producing status. Last year, the BFO Minerals Division Chief, as Authorized Officer (**AO**), implemented procedures to contact operators of all wells that have reported no oil or gas production for two years or longer. Correspondence typically takes the form of a **written order**, directing the operator to submit plans within 60 days to: 1) return the wells to production; 2) request TA approval; or 3) plug and abandon the wells. For leases where the ratio of idle wells (all SI and TA categories) to producing wells is greater than 2 to 1 (> 66%), operators are informed of an additional option, that is, to transfer or assign the lease to another operator or lessee that may be both capable and willing to comply with federal regulations and onshore orders.

OBJECTIVE:

The primary objective of this policy is to reduce the number of idle wells on federal lands in California to those which truly have a future beneficial use. The BLM does not seek to completely eliminate all idle wells, nor to dictate to operators which specific wells must be abandoned. To achieve this objective, the BFO will:

- 1) conduct annual reviews to verify the status of every well to ensure its proper classification, and accurate production and royalty reporting;
- 2) enforce federal regulations requiring lease operators to obtain approval for TA status;
- 3) allow SI status for wells capable of producing in paying quantities; and
- 4) recommend that operators with large numbers of idle wells post additional bond coverage to indemnify the BLM against having to abandon orphaned wells.

The methods that the BFO will use to accomplish this objective have been, and will continue to be developed in collaboration with the California Division of Oil, Gas, and Geothermal Resources (**CDOGGR**), and with the individual operators. These steps will encourage operators to return wells to production, and to properly plug uneconomic wells. They will also ensure that idle oil and gas wells do not act as conduits for wellbore fluids to migrate and endanger valuable surface or groundwater resources (**43 CFR 3162.5-2(d)**).

BACKGROUND AND POLICY:

The regulations at **43 CFR 3162.3-4(c)** state that no well may be TA for more than 30 days without prior approval of the AO. Approval may be granted for a maximum period of 12 months, and may be extended for additional 12 month periods at the discretion of the AO. All TA wells must have current BLM approval. All wells that have been in SI status for 180 days or longer must have prior approval and justification that is acceptable to the AO.

Due to age or neglect, and often to a combination of both, it is probable that some idle wells have deteriorated well casings and tubulars. Once the true status of these wells is documented, the AO may require operators to test or otherwise demonstrate the integrity of well casings. Evidence of casing damage will require further appropriate action to repair or to permanently plug and abandon the wells as per **43 CFR 3162.3-4(a)**.

Pursuant to nationwide BLM policy, this idle well policy shall be implemented for onshore federal leases in California, thereby reducing the potential for future government liability to plug and abandon wells on BLM-supervised lands. There are no current comprehensive nationwide guidelines for managing idle well issues. However, several states (Wyoming, Montana, New Mexico, and Colorado) have implemented policies specific to the Rocky Mountain region. In 1996, California BLM and CDOGGR implemented a Memorandum of Understanding (**MOU**) which established specific roles and responsibilities for the respective agencies, including idle well responsibilities. Unless otherwise stated, this memorandum shall conform to the MOU in all respects.

I. DEFINITIONS

Service well means a non-productive completion used to support the production of oil or gas, such as for injection, disposal, or observation purposes.

Temporarily abandoned (TA) well is an idle well which is physically or mechanically incapable of producing oil and/or gas of sufficient value to exceed direct operating costs, but may have value as a service completion for enhanced recovery or water disposal.

Shut-in (SI) Well - An idle well which is physically and mechanically capable of producing oil and/or gas in paying quantities or capable of service use but had no volumes of oil and/or gas produced or fluid injected during the specific time period. To clarify the distinction between a SI well and a TA well, all equipment to produce a shut-in well must remain onsite so the well can be produced by simply “turning a valve” or “activating a pump”. Examples of SI wells would include wells which were not produced due to market restrictions, weather related problems, or wells which were being “worked over” or recompleted.

An **Orphan Well** is an idle well that is not associated with a responsible or liable party.

II. IMPLEMENTATION:

A. Target Date: The BFO is instructed to complete status reviews for all idle wells prior to the end of FY 2003 as stated in the California Idle Well Action Plan of July 30, 2001 (Attachment 3).

B. Procedures:

1. Inventory and document status, update AFMSS well status.
2. Notify operators of review process via official correspondence.
3. Review operator response and determine whether current bond is adequate.
4. Approve status and make appropriate recommendations (bond increase, TA approvals, well testing, etc.).
5. Notify operators via official correspondence of revised policy.

III. TA APPROVAL

All TA wells must have a current BLM approval. “No well may be temporarily abandoned for more than 30 days without prior approval of the authorized officer” (**43 CFR 3162.3-4(c)**). All wells which do not possess equipment sufficient to produce oil or gas, or for use as an injection or disposal well must be approved to be classified as TA. For all unapproved wells, and those without current TA approval, “Operators shall promptly plug and abandon, in accordance with a plan first approved in writing or prescribed by the authorized officer, ...a producing well... [which is] no longer capable of producing oil or gas in paying quantities, unless the authorized officer shall approve the use of the well as a service well for injection to recover additional oil or gas or for subsurface disposal of produced water”. (**43 CFR 3162.3-4 (a)**).

To obtain TA approval for a well, the operator must submit a Sundry Notice (Form 3160-5 submitted either by mail or via BLM’s electronic Well Information System) to the

Bakersfield Field Office with all of the following information attached (items 1 through 4 below):

1. Rationale for temporary abandonment, rather than permanently abandoning the well; and
2. The time period (up to 12 months) that the well will be TA. The AO may subsequently approve delays in permanent abandonment for additional 12 month periods; and
3. Plans for demonstrating downhole integrity of the well. This requirement shall be satisfied by the CDOGGR's annual **Idle Well Planning and Testing Program (Attachment 1)**. The cost and complexity of idle (TA) well testing depends upon the length of time a well has remained idle; and

Five-year Idle Wells: All wells that have *not produced oil or natural gas or been used for fluid injection for a continuous six-month period during any consecutive five-year period* must submit a fluid level determined using acoustical, mechanical, or other reliable method, or other diagnostic tests as may be acceptable to the AO.

Ten-year Idle Wells: All of the specific requirements for testing wells in this category are identified in attachment 1. BLM must receive copies of all fluid level and/or casing pressure test data to authorize continued TA approval. Depending on the results of the initial test, **subsequent tests may be required once every 2 years in areas containing a useable water aquifer, additional potentially productive hydrocarbon zone(s), or other prospectively valuable mineral deposits to be protected**, or once every 5 years in other areas.

Fifteen-year Idle Wells: All wells idle 15 years or longer must have an engineering study prepared and submitted to the AO detailing the operator's future plans for the well. Plans which simply state that the well is considered a future water(or steam)-flood candidate, or that the well will be returned to production when prices improve are insufficient justification. **All proprietary data, including engineering and/or geologic information will be held confidential by the AO.** Testing requirements for wells in this category are typically more stringent than for Ten-year idle wells.

4. Plans for isolating the perforations:

When geologic data indicate the absence of usable water aquifers, additional potentially productive hydrocarbon zones, or other prospectively valuable mineral deposits, **and the fluid level is static and consistent with the reservoir pressure, no isolation of the perforations is required.**

If geologic data indicate the presence of usable water aquifers, etc., current BLM regulations require the Operator to specify a means of isolating open perforations. With

acceptable justification, this requirement will typically be waived by the AO.

Alternatively, BLM will notify the operator when a well is found to be in an unsatisfactory condition (e.g. rising fluid level and/or failed mechanical integrity test). The operator must then submit plans to isolate the perforations or to repair the casing or abandon the well within 90 days. **Work to isolate the perforations, to repair or to permanently abandon the well must be completed within 180 days.**

Failure to submit a sundry to request TA approval may result in issuance of an Incident of Non-compliance (INC), and associated fines and/or assessments.

IV. APPROVAL FOR SHUT-IN WELLS

With acceptable justification, wells which remain capable of producing oil or gas in paying quantities may be granted SI status. No well may be shut in for more than 180 days without prior approval of the Authorized officer (SI status). To obtain SI approval for a well, the operator must submit a Sundry Notice (Form 3160-5 submitted either by mail or via BLM's electronic Well Information System) to the Bakersfield Field Office, along with all the required justification. Wells in this category that have not produced oil or natural gas during a six consecutive month period during the most recent 5 year period must comply with the same testing and reporting requirements as those for TA wells. **It is important to note that for a federal well to be considered "Shut-in", all equipment required to produce the well, or for its use as a service well must remain in place.** To put it another way, shut-in wells may be returned to productive use by simply flipping a switch on a pump, by reconnecting a flowline, or by opening a valve. Based upon information provided from field inspections, very few long-term (> 5 years) idle wells on active federal leases in California are eligible for shut-in status. **Operators must request TA approval from the AO, for all other wells (from which some or all equipment has been removed).**

V. MECHANICAL INTEGRITY TESTS

A. Types: The operator shall conduct reasonable tests which will demonstrate the mechanical integrity of the downhole equipment (**43 CFR 3162.4-2(b)**). When required, tests must include one of the following:

1. A casing pressure integrity test. **Wells that have remained idle for less than five years are generally exempt from this requirement.** All wells that have remained continuously idle for more than five years should have casing strings below the [surface] conductor pressure tested to 0.22 psi/ft of casing shoe depth, not to exceed 70% of internal yield pressure; or
2. A casing inspection log such as a caliper log, casing wall thickness log; or
3. Fluid level surveys, temperature surveys, pressure gradient surveys, or other methods generally consistent with professional engineering standards which may

be acceptable to the AO.

B. Frequency: provided the initial test is acceptable, subsequent testing may be required either (1) every two years in areas containing a useable water aquifer, additional potentially productive hydrocarbon zone, or other prospectively valuable mineral deposits; or (2) once every 5 years in all other areas.

C. Witnessing: The operator shall contact the AO at least 24 hours prior to the scheduled test, so that a BLM representative may witness the mechanical integrity test. If an independent third party is contracted by the operator to conduct the mechanical integrity test, the contractor's equipment must be capable of recording test data on a chart. All inspection and test data must be provided to the BLM, either by the operator, or by arrangement with the CDOGGR. BLM may waive this requirement upon request, on a case-by-case basis.

D. Exceptions: Operators who have filed an approved **Idle Well Management/Elimination Plan (IWMP)** with the California State Oil & Gas Supervisor under California Public Resources Code (PRC) section 3206, and who are otherwise in compliance with federal regulations regarding their lease operations, may be eligible for deferment of some of the testing requirements if they substantially increase their idle well elimination rate beyond that called for in the IWMP. Approval of this deferment lies first with the CDOGGR then subsequently with the BLM for federal wells. This exemption can only be applicable to operators who are in compliance with all CDOGGR requirements and have received their approval, and have provided a copy of their IWMP to the AO .

PROGRAM OVERSIGHT

Quality Assurance:

A. The Deputy State Director (DSD) for Minerals in the California State Office (Sacramento) is responsible for Program Evaluations. As directed, Sacramento will periodically conduct evaluations to determine whether this policy is effectively meeting the objectives outlined in the California Idle Well Action Plan. Sacramento will also facilitate internal and/or external field audits, as appropriate.

B. The AO will submit semi-annual Idle Well Progress Reports (Attachment 3) to WO-310 and the DSD, per Washington Office Internal Memorandum 2001-147. The AO will also maintain close coordination with the DSD and the National Idle Well Workgroup to ensure consistency with BLM's nationwide program objectives.

C. The Idle Well Program Lead, together with the technical staff in the BFO will provide quality control through:

- 1) Compliance with procedures and guidance set forth in WOIM 2001-147, the

California Idle Well Action Plan, and this IM;

- 2) Application of technical skills through further training and employee development; and
- 3) Clear communication of objectives between BLM staff and operators of federal oil & gas leases in California.

PROGRAM COORDINATION:

This policy will be closely coordinated among the technical staff and management in the Bakersfield Field Office and Sacramento BLM. Communication with and feedback from industry through the **California Oil & Gas Workgroup, The California Conservation Committee of Oil & Gas Producers, the Western States Petroleum Association, The California Independent Petroleum Association, and the Independent Oil Producers Agency** is integral to the successful implementation and future modification of the policy, as is the continued coordination and cooperation with **CDOGGR**.

IMPLEMENTATION GOALS:

As proposed, the goal of the idle well team is to annually review all wells that have been idle for longer than 12 months. Related efforts would be to review bond adequacy for individual leases and operators, specifically in consideration of the potential liabilities which may be associated with [long-term] idle oil & gas wells. Beginning in FY 2003, it is anticipated that BLM California will annually review the status of approximately 1200 to 1500 shut-in and temporarily abandoned wells.

Questions regarding this memorandum should be directed to John Kaiser, Petroleum Engineer, at (661) 391-6142, or Patricia Gradek (**Authorized Officer**) at (661) 391-6131.

Signed by:
Mike Pool
State Director

Authenticated by:
Richard A. Erickson
Records Management

Attachments-3

- 1- CDOGGR 2001 Idle Well Planning and Testing Program (14 Pages)
- 2- BLM "Idle Well Progress Report" from WOIM 2001-147 (5 Pages)
- 3- 2001 California Idle Well Action Plan (2 Pages)



DEPARTMENT OF CONSERVATION

STATE OF CALIFORNIA

2001 IDLE WELL PLANNING AND TESTING PROGRAM

DIVISION OF OIL,
GAS, & GEOTHERMAL
RESOURCES

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GRAY DAVIS
GOVERNOR

Every operator of wells idle five years or longer is **required** to comply with Section 3206 of the Public Resources Code (PRC) and Section 1723.9 of the California Code of Regulations (CCR). Section 3206 (PRC) generally requires an operator to either pay a fee for each idle well, provide increased financial assurance to the Division, or file a binding management plan to eliminate a specified number of long-term idle wells annually. Section 1723.9 (CCR) requires an operator to perform idle well testing as specified by the division district deputy.

These idle well testing guidelines are for District 4, Bakersfield, and are provided to assist you in meeting your idle well testing obligation. The due date for all information and testing is given in the cover letter which accompanies these guidelines. Specific testing guidelines for this district are contained in the District Testing Schedule attached. Failure to comply with the provisions of the program may result in the imposition of a civil penalty and/or orders to repair or abandon your idle well(s).

The intent of this program is to achieve the overall goals and purposes of the Supervisor's Idle Well Policy. If you have a plan that varies from this program, but achieves the overall goals and purposes, each district has the flexibility to work with you. Please contact the district office which covers the area where your well is located to discuss any proposed variances. **Note: several terms used in these guidelines have very specific meanings. Please see the attached Glossary for their definitions.**

- I. **FUTURE PLANS:** Operators must satisfy this requirement for all wells unless they are covered by an approved Idle Well Management Plan under Section 3206(a)(4) (PRC). Please skip to the next section, Test Schedule, if you have an approved Idle Well Management Plan. Plans for future use of idle wells are required for wells idle ten years or longer. The plan must include what is planned for the well and when it will be done. If the plan is to return to production when economic conditions warrant, the plan must include specific economic conditions that will justify a return to production. If a well is being held for future use as an injector or a replacement for an injector, a specific proposal including the type and zone of injection must be filed. If a well is incapable of use in its present condition, it must be prepared for the planned

future use by cleaning out, plugging, casing repair, etc. Wells idle 15 years or longer must have an engineering study prepared and submitted to the Division detailing the future plans for the well(s). Please see the “15-year Idle Well Engineering Study Requirement” ws immediately.

15-YEAR IDLE WELL ENGINEERING STUDY REQUIREMENT

A detailed, specific, written engineering evaluation is required outlining the *current* condition of the well, specific zones having recompletion potential, and how the well integrates into the overall production plan for the reservoir. This evaluation will aid the Division in understanding your plans regarding these long-term idle wells and in cooperatively prioritizing their return to production, repair, or abandonment. The evaluation must show the general structure of the reservoir and how the well relates to the structure, including existing **producing** wells, current gas/oil/water contacts, faults, Base of Fresh Water (BFW, see glossary), additional hydrocarbon bearing and/or high-pressure zones located behind casing, or any other characteristic of the reservoir which has a bearing on the future potential of the well to be returned to active status. This is most easily accomplished with cross-section(s) and plotting the idle well locations on contour maps of the producing horizon(s) also showing faults, gas/oil/water contacts, etc. Your report must include the presence and location of known casing damage or junk in wells which would prohibit the placement of abandonment plugs as required by Section 1723, *et seq* of the CCR. Documentation of all attempts to remove such junk must be provided. **The evaluation must also include a specific plan and timetable for abandonment or returning the well to active status.** The interpretative nature of portions of the evaluation is acknowledged. **Interpretative data (including geologic exhibits, etc.) will be held confidential by the Division.**

The intent of the 15-year Idle Well Engineering Study Requirement is to be as flexible as possible, provided the intent of the requirement, including an analysis of long-term plans and assurance of financial liability are met. **If you have an alternative plan, please contact the district office with your proposal.**

If an operator has a large number of 15-year idle wells, evaluation of these wells may be conducted on a staggered basis. A firm timetable to complete all evaluations must be submitted to and approved by the Division. If additional time is granted, the wells should be prioritized by the operator, with Division approval, to evaluate the most critical wells first.

In lieu of the engineering evaluation, operators with 15-year idle wells where abandonment is warranted may file a **firm** plan to plug and abandon these wells in accordance with a set schedule. It is understood that a large number of wells will require more time to abandon, but generally, to avoid the engineering evaluation, the program must be for a period not to exceed five years. Notices of Intention to Abandon should be filed immediately for wells to be abandoned within the first year of an abandonment plan. Additional Notices should be filed annually in the year work will be done for the remaining wells in the plan. An operator plan that has the abandonment work “back-loaded” will not be approved. **Failure of an operator to maintain the agreed upon work schedule will cause the idle well testing and engineering requirements to be reinstated for all wells failing to meet the schedule.** If an

operator is able to “catch up” and maintain the work schedule, the Division will reinstate the testing exemption.

- II. TEST SCHEDULE:** A well's testing cycle begins the year it first appears on the Division's 5-year idle well list. Section 1723.9 of the CCR states in part: “Any well that has not produced oil or natural gas or been used for fluid injection **for a continuous six-month period during any consecutive five-year period** (emphasis added)...must have either the fluid level determined using acoustical, mechanical, or other reliable methods, or other diagnostic tests as approved by the supervisor.” In accordance with Section 1723.9, all wells that have been idle for five years must be tested. Subsequent testing of idle wells varies by district and is outlined in the attached District Idle Well Testing Schedule.

Alternative diagnostic testing, such as a static temperature survey or demonstrating a clean out tag in non-BFW areas, may be allowed. Contact the local district office for further information.

DISTRICT 4 - BAKERSFIELD IDLE WELL TESTING SCHEDULE

The emphasis of the District 4 Idle Well Program will be on testing 10-year and 15-year idle wells for mechanical integrity. **However, all 5-year idle wells must be tested with a fluid level survey once they appear on the 5-year idle well list.** Another test will not be required until the well appears on the 10-year idle well list, unless the well is located in a sensitive area, or there is evidence of damage that could threaten groundwater or the environment.

Prior to any testing, the District 4 office should be given 24 hours notification to witness the test. Wells to be abandoned within one year are excused from testing, provided a Notice of Intention to Abandon has been filed. Operators with a large number of 10-year or 15-year idle wells may have some of the testing requirements excused or modified to extend over a longer period of time if they have filed a plan to plug and abandon wells as outlined in the 15-year Idle Well Engineering Study Requirement.

Testing requirements for 10-year and 15-year idle wells are as follows:

BFW is Present:

A. Testing requirements for 10-year idle wells with open perforations:

1. Fluid Level Survey - If the fluid level is consistent with previous levels and surrounding wells known to have good mechanical integrity; ie., have passed casing pressure tests or the equivalent, the survey passes and no further testing is usually required. Regardless of the results of

the fluid level survey, if damaged casing with potential to damage fresh water or hydrocarbon reservoirs or impact the ability to properly plug and abandon the well, as required by Section 1723, *et seq* of the CCR, or to return the well to production or some other beneficial use, be known in the well, go to Step 2.

The survey fails if anomalous fluid levels are present and the fluid level is above the BFW. Go to Step 2.

If the fluid level survey is below the BFW but still anomalously high, additional testing may be required after Division review on a well-by-well basis. You will be notified if additional testing is required. Do not proceed to Step 2.

2. If the fluid level survey failed, or damaged casing is known as described in Step 1 above, the operator **must** do the following:

Further test the well for casing integrity using one or more of several acceptable methods. A casing pressure test is most common, and generally preferred; however, a multi-arm caliper log, electromagnetic thickness log, temperature survey, or other method can be used if approved prior to testing. Wells without packers above the perforations **can** be pressure tested from the top open perforation to the surface without running a packer by using the U. S. Environmental Protection Agency's ADA test method (see Glossary). Go to Step 3 if damaged casing is found or known to be in the well and the damage has the potential to damage fresh water or hydrocarbon reservoirs, or impact the ability to properly plug and abandon the well, as required by Section 1723, *et seq* of the CCR, or to return the well to production or some other beneficial use.

3. If adverse conditions described above are known, or encountered, it is necessary to either isolate the damaged casing from the BFW within 90 days, repair the well, or plug and abandon the well **within one year** unless an exemption is granted by the Division. Exemptions will be granted where inter- and intra-zonal fluid migration is not occurring and further deterioration of the casing cannot affect future abandonment operations. Isolation of reservoir fluids from usable fresh water is only allowed with prior Division approval. Isolation may be accomplished with a cement plug, sand with cement cap plug (minimum of 15' of cement), or a retrievable bridge plug. **Wells utilizing isolation plugs must have the plug removed and the well repaired or abandoned within two years of the original test due date.** Sand with cement cap plugs shall not constitute permanent abandonment of any portion of the hole.

B. Testing requirements for 10-year idle wells without open perforations:

1. A casing pressure test is required.
2. A clean out tag may be required if there is evidence of casing damage.
You will be notified if a clean out tag is required. The clean out tag passes if the clean out is demonstrated to be at ED, the top of the liner, or the top of the production perforations in the well, whichever is shallower. The test fails if the ED, top of the liner, or top production perforation, whichever is shallower, cannot be reached.

A diligent effort to clean out to ED must be made within 90 days of the original test for wells failing the clean out tag.

C. Testing requirements for all wells idle *more than* 15 years in BFW areas:

Fifteen-year idle wells located in BFW areas **must** have a casing pressure test **in addition to** the mandatory fluid level survey and a clean out tag. The Division district office may require additional testing, such as a casing inspection log measuring minimum and maximum inner casing diameter (multi-arm caliper) from effective depth (ED) to the surface, to determine actual and potential casing damage and threat to fresh water or hydrocarbon reservoirs in areas where casing integrity is often compromised. This includes areas of high subsurface movement, high corrosion potential, and over-pressured zones.

Part of the intent of this section is to acquire as much **current** information about a well's condition as possible with the minimal amount of required testing. Wells in fresh water areas present potential contamination sources for overlying fresh water. The casing pressure test provides a definitive test of the competency of the casing above the test depth, unlike the survey methods used for wells idle less than 15 years. Many of these long-term idle wells have not been entered since they were idled, sometimes well over 15 years ago. Information regarding the difficulty of re-entering the well is lacking. Since the required clean out tag mimics the running of small diameter production tubing, the results of the tag can indicate the potential problems and costs to be encountered should the operator choose to abandon or return the well to production. This information will significantly aid the operator in preparing the Engineering Study and prioritizing wells for abandonment or return to production.

All repairs or abandonment of 15-year idle wells which fail testing must be performed within one year of the original test due date, unless a Division approved work schedule is in place. The Division may require a period shorter than one year if evidence indicates formation damage or contamination is occurring.

D. Testing Cycle

Wells idle longer than 10-years in BFW areas must be tested every two (2) years. After the initial test, if subsequent tests show consistent results, the well passes. For example, if the first fluid level for a 10-year idle well is anomalously high, but the casing pressure test indicates the well has mechanical integrity; a subsequent fluid level test at the same depth would pass.

BFW is NOT Present

A. Testing requirements for 10-year idle wells with open perforations:

1. Fluid Level Survey - A fluid level survey must be conducted. Go to Step 2 if anomalous fluid levels, or other evidence indicates damaged casing with potential to damage hydrocarbon reservoirs or impact the ability to properly plug and abandon the well, as required by Section 1723, *et seq* of the CCR, or to return the well to production or some other beneficial use, be known in the well. No further testing is required if the test passes and the well has no known damage. Clean out tags may be made in lieu of a fluid level survey.
2. Clean out tags - The test passes if the cleanout is demonstrated to be at ED, the top of the liner, or the top of the production perforations in the well, whichever is shallower. The test fails if the ED, top of the liner, or top production perforation, whichever is shallower, cannot be reached.

A diligent effort to clean out to ED must be made within 90 days of the original test for wells failing the clean out tag.

3. A casing pressure test from the top open perforation to the surface, or other more definitive test, may be used in lieu of clean out tags.

If a well cannot satisfy these testing requirements, a plan for well repair, return to production or other beneficial use, or abandonment, **including a scheduled date of completion**, must be submitted to the Division. The Division must approve any plan and schedule before implementation. Division notification and approval is required prior to beginning any casing repair, plugging, or abandonment work.

B. Testing requirements for 10-year idle wells without open perforations:

1. A casing pressure test, **or**

2. If the water table is significantly below the surface, the well can be filled with fluid to the surface and rechecked after no less than one week. If the fluid level has remained stable at the surface, the test passes, **or**
3. A clean out tag at ED.

C. Testing requirements for all wells idle *more than 15 years* in non-BFW areas:

A clean out tag at ED is **required**, unless a satisfactory tag has been performed and documented for the Division within the past three years. Otherwise, testing requirements are the same as for 10-year idle wells.

The intent of this section is to acquire as much **current** information as possible about a well's condition with the minimum amount of required testing. Many of these long-term idle wells have not been entered since they were idled, sometimes well over 15 years ago. Information regarding the difficulty of re-entering the well is lacking. Unlike the survey methods used for wells idle less than 15 years, the clean out tag mimics the running of small diameter production tubing. The results of the tag can indicate the potential problems and costs to be encountered should the operator choose to abandon or return the well to production. This information will significantly aid the operator in preparing the Engineering Study and prioritizing wells for abandonment or return to production.

All repairs or abandonment of 15-year idle wells must be performed within one year of the original test due date unless a Division approved work schedule is in place.

D. Testing Cycle

10-year and 15-year idle wells in non-BFW areas must be tested every five (5) years.

TESTING TEMPERATURE OBSERVATION WELLS

If certain conditions are met, any well, regardless of its location in a BFW or non-BFW area, classified by the Division and actively used as a Temperature Observation well may be excused from idle well testing and the engineering study requirements. The well must have all formerly open perforations sealed with cement, been satisfactorily pressure tested and the test documented for the Division, and the Division is provided the date of the last survey (may not be over two years old), the ED of the well, and the depth the logging tool tagged fill is at ED or at least 100' deeper than the top of the lowermost producing horizon penetrated by the well, whichever is shallower. The lowermost producing horizon is determined from the **producing** zone in offset

wells. Temperature Observation wells that have never been perforated are not required to have the initial pressure test when placed into service.

Retesting/surveying of Temperature Observation wells will be required every three years, based on the date of the last survey provided the Division. If a recent temperature survey is not available or will not be run to satisfy idle well testing requirements, the Temperature Observation well must be tested on the same schedule and in accordance with the testing requirements outlined above for non-observation wells without open perforations and in accordance with the location of the well in a BFW or non-BFW area.

RECEIVING and SUBMITTING WELL and TEST DATA

All operators with more than 30 idle wells will initially receive their list of idle wells in computer format at the discretion of each division district office. Operators having 30 wells or less on the Idle Well List will be provided Idle Well Data Sheets for entering the needed data. Each well will be noted with its "5-", "10-", or "15-year" idle well status. The enclosed "Response Guidelines" will assist you in supplying the required information in the proper data format, even if you file by hardcopy.

Operators with more than 30 wells on the Idle Well List **may be required** to receive and submit data via computer floppy disk or e-mail unless extenuating circumstances prohibit filing electronically. All requests to file by hardcopy in lieu of electronic format must receive prior approval from the local division office.

RESPONSE GUIDELINES

Because there are over 13,000 idle wells in this district, manual entry of all idle well data is impossible. You have been provided Idle Well Data Sheets to fill out and return to this office if you have 30 or less idle wells requiring a response from you this year. If you have over 30 wells on the Idle Well List, you must submit your idle well data on the enclosed MSDOS-formatted 3½" floppy disk or via e-mail. The enclosed data files are sorted by the name of the Oil(FIELD), Township (TWN), Range (RGE), Section (SEC), (LEASE), and (WELL #) Number. This should make it easier to separate sections of the data file if you need to get information to/from different field offices. ***Important - All data must be returned as a single file. Multiple copies of the data file, with data from individual field offices, will not be accepted.***

Our office uses Paradox 4.5 for DOS to maintain a database of all idle wells and would prefer your idle well data is returned in Paradox 4.x format; but we realize that operators may not be using the same software. Therefore, we have provided copies on the enclosed floppy disk of the file in Paradox 4.x and Lotus 1-2-3 release 2 formats. Almost all PC spreadsheet or database software will read at least one of these formats.

We have the capability to import your data in Paradox 4.x format; Lotus 1-2-3 versions 1A and 2 **only**; dBase II, III, III PLUS, and IV formats. Should you need a different file format to import our idle well file into your software, please contact us with your request. **We strongly recommend you utilize a database program (Access, dBase, Paradox, etc.) rather than a spreadsheet program (Excel, Lotus, etc.) to view, sort, and enter data as some of the longer comment fields may be truncated and data lost in spreadsheet programs. Please note: Excel and Access in Microsoft Office can not import the Paradox 4.x file format directly unless the Paradox import/export conversion files were installed in your current Office installation. These conversion files are on the standard Office installation disk.** We cannot accept responses in any other formats. Your responses **must** be returned in one of these formats to be accepted. You will find the name of each field, its data type, and length at the end of these guidelines to assist you in setting up your own data file, if necessary.

ENTERING DATA

It is important you follow these formatting guidelines for entering your data. Failing to follow them results in delays in updating your idle well records. Also, **if data is formatted incorrectly when entered, your filing will be rejected and returned to you for correction.** If you must explain an entry (or lack of entry) for whatever reason, the **only** place you can put your explanation is in either the "LETTER COMMENTS" or "TEST COMMENTS" fields. General comments about the well or data requested, except for comments about any idle well test, must be entered into the "LETTER COMMENTS" field. **Only** comments regarding your idle well **test** should be entered into the "TEST COMMENTS" field. The "FUTURE PLANS" field is reserved for your specific plans and timetable for returning the well to operation or abandoning it. It is better to leave a data field blank with an explanation in a "comments" field rather than to enter improperly formatted data. Extensions of filing deadlines because these guidelines were not followed will not be granted. Please note that all information you received from us on the enclosed floppy disk followed these guidelines.

API # - Entered as a single 8-digit number, **no** hyphens or any other punctuation allowed. The number must begin with the county code. In District 4, all Kern county wells begin "029" or "030", Tulare county wells begin "107", Kings county wells begin "031", and San Luis Obispo county wells begin "079". Examples: 02900345 or 10712345. Do not change or delete it.

OPERATOR - Your company name as used in division computer files. No entry needed. Do not change or delete it.

FIELD - This is a maximum 30 character field containing the name of the oil field where the well is located. Wells located in a county area and not within the division recognized administrative boundaries of an oil field will have **no entry** here. Do not change or delete it.

LEASE - This is the lease name according to division records. Do not change or delete it.

WELL # - This is the well number according to division records. Do not change or delete it.

SEC - This is the Section number where the well is located. Do not change or delete it.

TWN - This is the Township where the well is located. Do not change or delete it.

RGE - This is the Range where the well is located. Do not change or delete it.

If any errors are found in any of the above fields, please send written notice when you return your data disk. Do not change the entries in the original data file.

BLM - This is a one character field indicating if the Bureau of Land Management (BLM) controls the mineral and/or surface rights at your well's location. If the BLM controls **both** the surface and mineral rights, please enter “**Y**”. If the BLM controls the mineral rights but **not** the surface rights, please enter “**M**” (for Minerals). If the BLM controls the surface rights but **not** the mineral rights, please enter “**S**” (for Surface). If the BLM does not control the mineral or surface rights and the well **is not** part of a BLM Unit Operation, please enter “**N**”. If the BLM does not control the mineral or surface rights, but the well **is** part of a BLM Unit Operation, please enter “**U**” (for Unit). **Testing results are required to be sent to the Division; “TOP PERF”, “BASE OF FRESH WATER”, and “URBAN LOCATION” information is required for all wells. If you have answered “Y”, “M”, or “U” to this question, you must also forward a copy of your response, including future plans and testing results, to the BLM per the cover letter that accompanied this document.** Please make corrections as needed to the preliminary data we may have supplied. An “*” indicates the Division believes the BLM is involved with the lease but the status; ie. “Y”, “M”, “S”, or “U” is unknown. Please update the well record with the correct status.

YEARS IDLE - This is the 5-, 10-, or 15-year idle well status of your well according to division records. Do not change or delete it. **15-year idle wells will have this field circled in red on Idle Well Data Sheets to highlight the need for an engineering study.**

NEXT TEST DUE - This is the date the next (or first if an initial data request) idle well test was/is due. **Your test is overdue if this date is earlier than October 1, 2000.** This field is circled in red on the Idle Well Data Sheets if the test is overdue. This field will be blank if this is the well's first time on the idle well list; **but if your well is listed, an idle well test is must be performed.**

DOG REMARKS - Special testing/information requirements or comments from the division. Used most commonly on follow-up requests for testing/information. Do not change or delete it.

FUTURE PLANS - Your plans for returning the well to production or injection and a **firm** date when the work will be performed. If you plan to abandon the well, give an approximate date when the work will be completed.

URBAN LOCATION - This is a one character “Yes/No” field. It is answered with either a “**Y**” or “**N**”. If the field is blank, you must enter whether the well is or is not in an urban location. Urban location is defined as “a cohesive area of at least twenty-five business establishments, residences, or combination thereof, the perimeter of which is 300 feet beyond the outer limits of the outermost structures”. Additionally, all or portions of oil fields that are undergoing urbanization, ie. Fruitvale,

Bellevue, West Bellevue, etc. fall into this category. If an urban location status is shown but is incorrect according to the above definition, please make a correction.

BFW (Base of Fresh Water) - If the field is blank, please enter an “N” if no BFW exists, or enter the depth to the actual BFW. If a number is present, it is the depth to the Base of Fresh Water according to Division records or information you have previously supplied. In fields where there is fresh water but the well does not penetrate below the actual BFW, ie. Kern River zone wells in the Kern River field, this number is the depth to the uppermost oil sand. If “Y” is noted, there is a BFW but we don't have the value recorded for the well. Please delete the “Y” and enter the depth from the surface in feet (KB measurement preferred) to the BFW or the uppermost oil sand if the actual BFW is not penetrated by the well. Enter the footage **only**, do **not** include a “,”, “” or “ft”, etc. If an “N” is noted, there is no BFW according to division records and you have nothing to enter.

TOP PERF - If a number is present, it is the depth to the top open perforation in the well according to division records or information you have previously supplied. You should make corrections if the depth shown is incorrect. If it is blank, you must enter the depth (KB measurement preferred) in feet to the top perforation. Enter the footage only. Do **not** include a “,”, “” or “ft”, etc. If your well is **not perforated**, enter “0”.

LETTER COMMENTS - This field is for entering any general comments not regarding the FUTURE PLANS or TEST COMMENTS. *This is the **only** place where miscellaneous remarks about a well can be entered.*

TEST DATE - All dates must be entered numerically in **MM/DD/YYYY** format **only**! Example: 6/4/94, 11/8/93 or 10/31/2000. Do not enter any other punctuation or try to spell out the date. You must supply the day (DD) portion of the date. Do not enter a date as 6/94, Jun 4, 1994, 940604, etc. If you don't know the exact day, you may enter an approximation. If this is a temperature observation well, please enter the date of the last survey if the survey is being used as the test. **This is a date field. DO NOT LET YOUR SOFTWARE CONVERT IT TO A TEXT OR NUMERICAL VALUE.**

FLUID LEVEL - If you run a fluid level test on your well, enter the depth to the fluid from the surface (KB measurement preferred). Enter numbers only. Do **not** enter “,”, “”, “ft”, etc. Enter the results of the test in the “RESULTS” field according to the guidance given in the “Idle Well Testing Schedule”. Make any comments about the test in the “Test Comments” field.

C/O - If you run a clean out tag on your well, enter the maximum depth reached from the surface (KB measurement preferred). Enter numbers only. Do **not** enter “,”, “”, “ft”, etc. Enter the results of the test in the “RESULTS” field according to the guidance given in the “Idle Well Testing Schedule”. Make any comments about the test in the “Test Comments” field.

TEST DEPTH - This is the maximum depth tested during idle well tests other than a fluid level. **It is the depth to any packer or plug used for performing casing pressure tests.** For temperature observation wells, it is the maximum depth reached by the logging tool during the last survey. Enter numbers only. Do **not** enter “,”, “”, “ft”, etc.

PRESSURE - This is the maximum pressure in pounds per square inch (gauge) applied to the casing at the surface. Enter numbers only. Do **not** enter “psi”, “#”, etc.

LOG - If your well was tested with a logging tool, enter the type here up to a maximum of 8 characters. Some examples are multiarm caliper (enter as “MULTIARM”) and electromagnetic thickness (enter as “EMTHICK”). If the well is an active temperature observation well and you are using the last temperature survey to satisfy your testing requirement, enter “TempSvy” here.

OTHER - This is a single character field. If you have used another type of test, “X” this field and enter an explanation of the test type in the “TEST COMMENTS” field.

RESULTS - This is a single character field. If your idle well test met the testing criteria listed in the “Idle Well Testing Schedule”, your test passed. Please enter a “Y”. If the test did not meet the testing criteria, the test failed. Please enter an “N”. If the test was inconclusive, please enter an “I”. If you need to make any comments about your test, such as why it failed or was inconclusive, enter them in the “TEST COMMENTS” field only. If you do not know what to enter, leave the field blank.

TEST COMMENTS - This field is for your comments about your idle well test. Information about casing holes, damage, fish, etc. should go in this field. ***It is the only field where you can list holes, damage, or enter an explanation or clarification about your idle well test.*** If you cannot fit your comment into the allotted 75 characters, you may include a written explanation with your data file. **Enter the effective depth of the well here if you are using a temperature survey to satisfy your testing requirement.**

OPCODE - This field is for division use only. Do not change or delete it.

FACODE - This field is for division use only. Do not change or delete it.

IDLE WELL DATABASE STRUCTURE

FIELD NAME	DATA TYPE	LENGTH
API #	ALPHANUMERIC	8
OPERATOR	ALPHANUMERIC	30
FIELD	ALPHANUMERIC	30
LEASE	ALPHANUMERIC	30
WELL #	ALPHANUMERIC	10
SEC	NUMERIC	2
TWN	ALPHANUMERIC	3
RGE	ALPHANUMERIC	3
BLM	ALPHANUMERIC	1
YEARS IDLE	NUMERIC	2
NEXT TEST DUE	DATE	8
DOG REMARKS (Division use only)	ALPHANUMERIC	110
FUTURE PLANS	ALPHANUMERIC	75
URBAN LOCATION	ALPHANUMERIC	1
BFW	ALPHANUMERIC	5
TOP PERF	NUMERIC	5
LETTER COMMENTS	ALPHANUMERIC	150
TEST DATE	DATE	8
FLUID LEVEL	NUMERIC	5
C/O	NUMERIC	5
TEST DEPTH	NUMERIC	5
PRESSURE	NUMERIC	5
LOG	ALPHANUMERIC	8
OTHER	ALPHANUMERIC	1
RESULTS	ALPHANUMERIC	1
TEST COMMENTS	ALPHANUMERIC	75
OPCODE (Division use only)	ALPHANUMERIC	5
FACODE (Division use only)	ALPHANUMERIC	5

Glossary

See the Glossary Appendix for definitions specific to individual Division district offices.

ADA Test: the fluid level in a well is measured to determine the height of the water column above the perforations, the pressure required to depress this column of water to the top of the perforations is calculated. Nitrogen then is added to the annulus until the pressure no longer increases. If the test pressure stabilizes at or very close to the calculated pressure and remains constant for 30 minutes with no more than a 10% leak-off after closing the valve to the nitrogen source, there are no leaks in the casing above the perforations and mechanical integrity is demonstrated. The U.S. Environmental Protection Agency developed the test at the Robert S. Kerr Laboratory research well in Ada, Oklahoma.

It only works in wells with gas tight wellheads. It is a very rigorous test that will pinpoint small casing leaks. Wells with long fluid columns above the perforations are not good candidates for this test because of the high casing pressures needed to depress the fluid column.

Base of Fresh Water (BFW): the depth in a well where the water in overlying aquifers tests less than or equal to 3,000 mg/l (or ppm) Total Dissolved Solids (TDS). Please refer to Division publication TR11, California Oil & Gas Fields, Vols. 1, 2, and 3, or contact the local Division office having jurisdiction over your well(s) for assistance in determining the BFW in individual oilfields and/or areas.

California Code of Regulations (CCR): specific rules the Division uses to implement the laws in the Public Resources Code. See Division publication PRC04, available free at Division offices.

Casing Pressure Test: an acceptable test must be a minimum of 200 psi over formation pressure or hydrostatic pressure, whichever is higher, along the **entire** length of casing tested. Pressure should be held 15 minutes or more with no more than a 10% pressure decrease. For example, a casing standing full of fluid at the surface requires a minimum of 200 psi surface pressure be applied to be a valid pressure test. A casing being tested with nitrogen gas with a fluid level at 1000' would need a surface pressure of 630 psi, assuming a 0.43 psi/ft pressure gradient for water, to give the hydrostatic equivalent of a fluid-filled casing from the surface to 1000'.

Wells having shut-in casing pressures sufficient to satisfy the pressure test requirement will be deemed to have passed the test if a temperature survey of the well shows no fluid movement.

The casing integrity test must be fully diagnostic over the length of the casing.

For example, if a casing pressure test is run to just below the BFW, such as may be done in an ADA test, but leaves several hundred feet of casing above perforations untested, further testing, such as a cleanout tag is needed.

Clean out tags: A determination of the top of fill, junk, damaged casing, or other obstruction in the well. Cleanout tags are determined with a bailer or sinker bar weighing 100 pounds or more and a nominal 1½” diameter or greater, or with tubing with a nominal 1½” diameter or greater.

Effective Depth (ED): the deepest Division approved point that could theoretically be reached during a cleanout tag in a well, provided the well has no casing damage, fill (including sand plugs), or temporary or unauthorized plugs.

Fluid Level Survey: Determination of the casing fluid level by standard industry methods.

Public Resources Code (PRC): California law that is the basis of Division authority. See Division publication PRC01, available free at Division offices.

Glossary Appendix District 4 - Bakersfield

Clean out tags: At a minimum, clean out tags are performed with a nominal 1½” or greater diameter bailer/tubing/sinker bar weighing 100 pounds or more. Well conditions, such as very thick hole fluids or having an effective depth greater than a wireline tool can reliably determine a pick-up depth, may require the use of tubing, etc. to perform the tag. A logging tool used in the performance of additional idle well testing on the same well is acceptable in lieu of a bailer, tubing, or sinker bar, provided it tags as described below. An existing tubing string of known length in the well may be extended to tag ED in lieu of a wireline tag.

The test passes if the cleanout is demonstrated to be at ED, the top of the liner, or the top of the production perforations in the well whichever is shallower. The test fails if the ED, top of the liner, or top production perforation cannot be reached.

A diligent effort to clean out to ED must be made within 90 days of the original test for wells failing the clean out tag.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

California State Office

2800 Cottage Way

Sacramento, CA 95825

3100 (310) P

CA160.65

To: Assistant Director, Minerals, Realty and Resource Protection

From: State Director (CA-922)

Subject: California Idle Well Liability Action Plan

Re: WOIM 2001-147

REFERENCE TO EXISTING GUIDANCE

California has been extremely successful in implementing idle well and bond adequacy reviews in accordance with the two process documents that were drafted by the Idle Well Workgroup (IWWG) and included as attachments to the reference IM. Those documents represent a synthesis of prior instructional memoranda (IM 93-311 and IM 96-09) and current regulations on the subject of shut-in and temporarily abandoned (SI/TA) wells. In addition, Bakersfield Field Office (BFO) staff intend to update the *BLM California's Idle Well Policy* (CA-94-40) prior to the end of FY 2001.

ROLES AND RESPONSIBILITIES

CA 922	State Program Oversight and Budget Strategy
CA 160.8	Minerals Division Chief - project management
CA 160.65	Team lead - IWWG Representative
CA 160.87	Petroleum Engineer - technical expert
CA 160.85	Realty Specialist - bond reviews and adjudication
CA 160.92	Lead Petroleum Engineering Technician
	Term Petroleum Engineer
	<i>Physical Science Technician (part-time/STEP) - currently open</i>

ASSESSMENT OF IDLE & ORPHAN WELL INVENTORY

Approximately 30% (1808) of California wells have been idle for more than 12 months. Of

those, 79% (1436) have not produced for five years or longer. Many leases have only a few wells capable of economic production, along with many depleted wells.

BFO was successful in hiring a (Term) Petroleum Engineer approximately one year ago (August, 2000), and as expected, the team has made substantial progress toward implementing a program of periodic idle well and bond adequacy reviews.

Reissuance of Orphaned Lease

Last year, California identified one orphan well: the USL Rodgers #1, located in Ventura County. BFO placed the lease, along with the well and facility, on the competitive oil & gas lease auction held this past May. While the parcel did not receive a competitive bid during the sale, two companies filed notices to lease the parcel non-competitively on the day after, and an operator is currently working to restore production on the property.

Pardee Petroleum

These 2 (terminated) federal leases with 14 long-term idle wells have been placed on California's "Watch List". The operator has been ordered to permanently plug and abandon all of the wells, however the original [lease termination] decision is still awaiting IBLA review. The estimated cost to plug and abandon these wells and reclaim the surface is \$150,000. The California Division of Oil, Gas, and Geothermal Resources has declared these wells to be "deserted", and has independently ordered their abandonment. If these orders are upheld, the state will likely abandon them using the California "Orphaned Well Abatement Fund". It is expected that BLM will be asked to provide funds to match (equal) their expenditures for this effort. Unfortunately, due to payments to MMS for unpaid royalties, along with various assessments and fees over the past 10 years, it appears that less than \$12,000 remains of the existing \$25,000 bond held by BLM. Under a previous order of federal bankruptcy court, the operator was not required to post additional bond coverage that might have reduced the BLM liability for these leases.

OroNegro, Inc.

These 5 (terminated) federal leases with 146 long-term idle wells remain on California's "Watch List". The operator has been ordered to permanently plug and abandon all of the wells, however the original [lease termination] decision is still awaiting IBLA review. The downhole costs to plug and abandon these wells is currently estimated at \$1.6 million; the reclamation of the wellpads and surface facilities would be in addition to this estimate. Several proposals are currently being considered to reduce these costs, including placing leases up for competitive auction, and/or attempting to negotiate with the state of California to utilize funds which have been collected for this purpose. It is expected that BLM may have to pay at least a portion of the abandonment and associated surface reclamation costs. The BFO intends to report this case to the regional solicitor for potential civil action and subsequent cost recovery. The operator currently holds a \$25,000. statewide bond.

WORKLOAD ANALYSIS/PRIORITIZATION

Idle well review workload priorities have been established based upon a number of broadly-defined and easily-quantified criteria:

- Priority 1: Leases with idle to producing well ratio > 2:1
- Priority 2: Wells that have remained continuously idle > 15 years
- Priority 3: Wells that have remained continuously idle > 10 years
- Priority 4: Operators with less than satisfactory compliance history
- Priority 5: Wells that have remained continuously idle > 5 years
- Priority 6: Leases in areas containing useable freshwater aquifers

IDLE WELL & BOND REVIEW ACTIONS

BLM California is working cooperatively with the California Division of Oil, Gas, and Geothermal Resources to review all wells (with an emphasis on those that have been idle the longest). To begin with, operators will be directed to perform one of the following options on every well that has remained idle for 10 years or longer (Priorities 1-3):

1. Bring the well back into production;
2. Submit a written proposal specifying a future beneficial use (e.g., secondary recovery, conversion to injection, etc.), and for periodically verifying the mechanical or casing integrity of these wells to be sure they are not leaking;
3. Increasing bond coverage, as appropriate; and/or
4. Plug idle wells and performing surface restoration.

In certain cases, lessees will be encouraged to assign (transfer) properties to operators with greater resources to develop remaining potential. Lease bonds will be systematically reviewed, and increases requested when they are justified. BLM will negotiate with lessees and operators on a case-by-case basis to minimize federal liability while, at the same time, assisting in returning these properties to productive use. Leases which may currently be uneconomic to operate, or where the operator has walked away, will be terminated and made available for re-lease.

During FY 99, California implemented the recommendations contained in IM 96-09 regarding periodic bond adequacy reviews. Bond increases are routinely requested for leases which include idle wells in accordance with **43 CFR 3104.5(b)**. To date this fiscal year, we have been successful in obtaining \$385,000 additional bond coverage, to specifically address potential liability for long-term idle wells.

In addition, California has implemented the minimum bond amounts contained in the proposed Oil & Gas regulations: \$20,000 for individual leases and \$75,000 statewide bonds. Consequently, these guidelines have produced a corresponding decrease in the number of leases with unacceptably low individual and statewide bond coverage.

INSPECTION STRATEGY ADJUSTMENTS

Significant workload impacts have been factored into the Inspection Strategy Matrix for FY 2001 and 2002 related to idle wells and workload/training issues. Four of five full-time P.E.T's will be newly hired (on-board during FY 2000 & 2001), and will require substantial training prior to contributing at the full-performance level. The PET Supervisor, together with the Team Lead and Division Chief, will continue to jointly determine idle well inspection priorities within the existing I&E strategy matrix. It is estimated that 10-15% of the workload may relate to additional idle well inspections over the next four year period.

ENFORCEMENT ACTIONS

Various enforcement actions have been initiated, or are under consideration for cases mentioned above. It is anticipated that these cases may remain unresolved for a year or longer, depending on the duration of the appeals process.

INFORMATION TECHNOLOGY SUPPORT

California advocates ongoing AFMSS technology development in support of efforts to identify and manage our idle well tracking inventory and to most effectively allocate our budget and personnel resources. The Team Lead, through his involvement with AFMSS User Group and the IWWG, will continue to identify ways in which technology may help to address these issues in the future. It is important that the AFMSS Project Manager (WO 310) and AFMSS System Owner (WO 310) receive sufficient budget resources to keep the idle well and potential unfunded well liability issues among the priorities for future AFMSS development. Specific needs identified by the IWWG are contained within the Liability Action Plan which was submitted to the ELT at their April (2000) meeting in West Virginia. We consider modification of existing AFMSS reports for Plug & Abandoned Wells (SNT.42), TA Wells (SNT.43), Shut-In Wells (SNT.44), Well Status Summary (GLB.95), AFMSS versus MRO Well Status Comparison Report (MRO.25), Bond Report (GLB.101), and Bonds Reviewed Report (GLB.102) to be critical for tracking workload and accomplishments.

REQUIRED TRAINING

FY 02/03 - AFMSS for Adjudicators training course for Realty Specialist (no course number assigned), AFMSS for Inspectors training for 1 PET's and 1 Office PET (NTC course 3000-89), AFMSS for Operations training for 1 Petroleum Engineer, 1 Physical Science Technician, and 1 Administrative Assistant.

REPORTING WORKLOAD MEASURES

As required in the referenced IM, Attachment 1 represents the accomplishments of the California Idle Well Project Team (Team) for FY 2001 through June 30th. Information regarding numbers of idle wells, numbers of bond reviews, and number of bond increases required has been tracked using AFMSS' comprehensive reporting capabilities.

STATE PROGRAM OVERSIGHT & QA/QC

On an on-going basis, State Office oversight will focus on mainly three issues - adequate resources, program reviews, and relevant regulatory/legal guidance. This will primarily consist of assisting the field offices in assessing personnel resource needs, and closely coordinating workload evaluation to determine accurate and realistic program targets and workload accomplishments in order to secure appropriate funding levels. Oversight will include periodic program reviews or evaluations to ensure compliance with the overall goals of the action plan. The State Office will also aid in securing the necessary advice & assistance from the Office of the Solicitor in support on the enforcement actions initiated by the BFO.

STATE RESOURCE REQUIREMENTS

To help identify future idle well concerns before they become problems, Late in FY 99, the BFO hired a term Petroleum Engineer (located in Bakersfield) to evaluate our idle well inventory and to develop corrective solutions before wells become orphaned. In addition, the field office is looking for support in hiring a part-time Physical Science Technician (STEP) to assist in conducting this work.

Cost:

Idle well reviews (2 term positions)	\$ 100,000.
P&A 14 wells, reclaim surface	\$ 100,000.
Miscellaneous (training, travel, admin)	\$ 25,000.
<u>California (FY 2002) Estimate:</u>	<u>\$ 225,000.</u>
Idle well reviews (2 term positions)	\$ 100,000.
P&A 35 wells, reclaim surface	\$ 250,000.
Miscellaneous (training, travel, admin)	\$ 25,000.
<u>California (FY 2003) Estimate:</u>	<u>\$ 375,000.</u>
Total FY2002 - FY 2003	\$ 600,000.

Dates to accomplish workloads & goals

As proposed last year, the goal of the idle well team was to review approximately 300 wells a year over a five year period. Based upon the total reviews conducted during the past year (attachment 1), this estimate was obviously extremely conservative. It is estimated that beginning in FY 2003, California will have reached a maintenance level with respect to idle well reviews. This effort will also involve bond adequacy reviews for all leases containing idle wells. It is anticipated that each of the nearly 400 leases and agreements will have been reviewed during the same timeframes. Although the preceeding table indicates preliminary budget estimates for FY 2002 & 2003, it is anticipated that the 5 year timetable outlined in last year's action plan remains viable. Beyond the need to conduct idle well and bond

adequacy reviews, the BFO anticipates that resolving pending and anticipated administrative and judicial appeals may extend into FY 2005. Abandonment and surface restoration work on just the currently identified cases will undoubtedly last even longer.

Questions regarding this response should be directed to either James Haerter at (661) 391-6141 or Patricia Gradek at (661) 391-6131.

Idle Well Progress Report

Reporting Office: California (Bakersfield Field Office)

Report Starting Date: October 1, 2000

Report Ending Date: September 30, 2001

	1	2	3	4	5	6	7
	Total Wells at Start of Report	Wells in SI/TA Status Longer Than 5-Years	Total Wells at End of Report	No of Wells Reviewe d	No of Bond s Revie wed	No of Bonds Increa sed	Total Amount of Bond Increased (Thousands of \$)
Shut-in	1233	761	1229	1328			
Temporary Abandoned	568	392	638	231			
Total Shut-in & TA	1801	1153	1867	1559	37	6	\$410

Column Data Source

Column 1: *From AFMSS Well Status Summary Report (GLB.95)*

Column 2: *From AFMSS/MRO Well Status Comparison Report (OGOR.25)*

Column 3: *From AFMSS Well Status Summary Report (GLB.95)*

Column 4: *Field Office Cuff Record*

Column 5: *AFMSS Bonds Reviewed Report (GLB.102)*

Column 6: *AFMSS Bonds Reviewed Report (GLB.102)*

Column 7: *Field Office Cuff Record/AFMSS Bonds Reviewed Report (GLB.102)*